GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3612
ANSWERED ON:16.12.2005
BRANCHES OF FOREIGN BANK
Rao Shri Sambasiva Rayapati

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is contemplating to provide more liberal market access to foreign banks ;

(b) if so, the details thereof;

(c) whether the limit bound with WTO as of now is 12 foreign banks branches every year in the revised offer on liberalizing market access in services submitted to the WTO recently;

(d) if so, whether the Government has decided that the number of bank branches that will be allowed every year could be bound at 20;

(e) the extent to which this decision of the Government is likely to improve the economy of India;

(f) the conditions set forth by the WTO on this issue; and

(g) the reaction of the Government thereto?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a)to(c) In the `Road Map for presence of foreign banks in India` issued by RBI on 28.02.2005, it is proposed to go beyond the existing World Trade Organisation (WTO) commitment of 12 branches in a year for new and existing foreign banks and to follow a more liberal policy for under-banked areas. The number of branches permitted each year has already been higher than the WTO commitments.

(d) Yes, Sir. However, this is only a preliminary offer for discussion in WTO.

(e) The foreign banks bring in new banking products, technology and practices and inject competition into the domestic market thus enhancing its efficiency and stability to the best global standards.

(f) & (g) The concerned governments are required to fulfill commitments made by them.